

Message Text

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SUBJECT: ECONOMIC/COMMERCIAL SECTION STAFFING

REF: BA-2684

1. REVIEW OF ECONOMIC/COMMERCIAL SECTION'S FIXED WORKLOAD REQUIREMENTS AND POTENTIAL FOR EXPORT PROMOTION WORK IN ARGENTINA UNDERTAKEN IN ACCORDANCE WITH REFTTEL, INDICATES THAT THE SECTION REQUIRES A MINIMUM OF FOUR FSO'S AND THAT STAFFING OF ONE OF THE THREE CURRENTLY VACANT COMMERCIAL SECTION POSITIONS IS JUSTIFIED AND, INDEED, NECESSARY FOR THIS ELEMENT OF THE EMBASSY TO BE ABLE TO CARRY OUT ITS MISSION. BELIEVE THERE IS A LEVEL BELOW WHICH VARIOUS SECTIONS OF THIS EMBASSY CANNOT BE DEDUCED WITHOUT LOOSING A CONSIDERABLE MEASURES OF EFFECTIVENESS. THE ECONOMIC/COMMERCIAL SECTION HAS REACHED THIS LEVEL.

2. FIXED WORKLOAD IN THE SECTION REMAINS HIGH AND IN SOME CASES IS INCREASING OVER CY 1974 LEVELS. DURING 1974 THE EMBASSY HAD 9,583 BUSINESS VISITORS TO ASSIST, 959 TRADE INQUIRIES TO REPLY TO, 137 ADS REQUESTS TO PROCESS, 239 WTDR'S, 36 FCIA CREDIT CHECKS AND 8 EXPORT CHECKS TO RESEARCH, 385 FTI UPDATES, AND 76 SCHEDULED CERP REPORTS. WHILE WE WILL BE RECOMMENDING A FURTHER REDUCTION IN THE NUMBER OF REPORTS IN THE NEAR FUTURE, OUR 1975 CERP SCHEDULE CALLS FOR 64 REPORTS. IF PRESENT TRENDS CONTINUE WE EXPECT TO HAVE WTDR'S INCREASE BY 3 PERCENT, FCIA CREDIT CHECKS INCREASE BY 20 PERCENT FTI UPDATES BY 17 PERCENT IN CY 1975, WITH OTHER WORKLOAD LEVELS, REMAINING ESSENTIALLY UNCHANGED.

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3. OTHER TIME CONSUMING AND INESCAPABLE RESPONSIBILITIES OF THE ECONOMIC/COMMERCIAL SECTION INCLUDE PROTECTION OF U.S. BUSINESS INTERESTS IN ARGENTINA, INCLUDING CIVIL AIR PROBLEMS, AND THE CASES OF ITT, DELTEC, CHASE MANHATTAN BANK. FURTHERMORE, MOST OF THE OTHER SIGNIFICANT BILATERAL ISSUES BETWEEN THE GOA AND THE USG ARE EITHER ECONOMIC OR HAVE ECONOMIC RAMIFICATIONS (CUBA TRADE, FOOD POLICY, CREDIT AVAILABILITY, COUNTERVAILING DUTIES). THE DIFFICULT POLITICAL AND ECONOMIC SITUATION WHICH ARGENTINA IS GOING THRU ONLY SERVES TO COMPOUND SUCH BILATERAL PROBLEMS AND CREATE NEW ONES WHICH DEMAND TIME AND ATTENTION.

4. THE SECTION HAS ALREADY BEEN REDUCED FROM EIGHT OFFICERS TO FOUR. THIS IS NOT THE TIME TO REDUCE IT BY A FURTHER 25 PERCENT. THE FIXED WORKLOAD MANAGEMENT REQUIREMENTS OF THE SECTION ARE SUCH THAT IF THE EMBASSY IS TO HAVE ANY DISCRETIONARY TIME LEFT FOR EXPORT PROMOTION, TWO AMERICAN COMMERCIAL OFFICERS ARE REQUIRED. DESPITE ARGENTINA'S CURRENT ECONOMIC MALAISE, IT WILL REMAIN AN IMPORTANT MARKET FOR U.S. EXPORTERS, WHO IN RECENT YEARS HAVE PROVIDED 20-25 PERCENT OF ARGENTINA'S IMPORTS. IN CY 1974, ARGENTINA'S IMPORTS FROM THE U.S. INCREASED BY 33 PERCENT IN VALUE OVER 1973 TO US\$600 MILLIONS. THROUGH NO GROWTH IN IMPORTS IS ANTICIPATED IN 1975, THIS EMBASSY HAS AN IMPORTANT ROLE TO PLAY IN ASSISTING U.S. EXPORTERS TO COMPETE FOR THEIR SHARE. WHILE PRIVATE SECTOR INVESTMENT IS LIKELY TO BE OFF AGAIN IN 1975, PUBLIC SECTOR INVESTMENT IN CERTAIN BASIC SECTORS (STEEL, PETROCHEMICALS, POWER, SHIPBUILDING) WILL PROVIDE IMPORTANT SALES OPPORTUNITIES. FURTHERMORE, AT A TIME WHEN U.S. INDUSTRY IS IN RECESSION, WE ARE ALREADY SEEING THE RESULTS HERE OF THE INCREASED INTEREST BY U.S. FIRMS IN EXPORTING TO MAKE UP FOR SLACK DOMESTIC SALES. THERE IS AN INCREASING LEVEL OF INTEREST BY U.S. FIRMS IN LOCAL EXPORT SALES OPPORTUNITIES; THE NEW IMPULSE WHICH THE DEPARTMENTS OF COMMERCE AND STATE HAVE GIVEN IN RECENT YEARS TO ASSISTING U.S. EXPORTERS OVERSEAS HAS ENCOURAGED MORE U.S. FIRMS TO TURN TO THEIR EMBASSIES FOR SUPPORT. THIS SUPPORT IS PARTICULARLY NECESSARY IN THE COMPLEX ARGENTINE MARKET WHICH IS TIGHTLY CIRCUMSCRIBED BY IMPORT RESTRICTIONS, WHERE COMPETITION IS CONSIDERABLE AND WHERE OUR COMPETITORS DO NOT HESITATE TO BRING THE WEIGHT OF THEIR GOVERNMENTS TO BEAR IN

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COMPETING FOR SALES.

5. FINALLY, IT SHOULD BE NOTED THAT THE EMBASSY HAS ALSO UNDERTAKEN TO CONTINUE AN OFFSITE EXPORT PROMOTION EVENT PROGRAM COUPLED WITH PERTINENT MARKET RESEARCH, FOLLOWING THE CLOSING OF THE TRADE CENTER (SEE BA-9158). WE FEEL THAT THIS PROGRAM, PARTICULARLY OUR SUPPORT OF LOCAL AGENT SHOWS AND OUR EFFORTS TO ENCOURAGE AND SUPPORT U.S. FIRMS IN THEIR

PARTICIPATION IN ARGENTINE INTERNATIONAL EXPOSITIONS, WILL YIELD A CONSIDERABLE RETURN IN SALES. BECAUSE OF THE STRINGENT IMPORT RESTRICTIONS AND HIGH LEVEL OF DUTIES, PROMOTION EVENTS ARE A PARTICULARLY VALUABLE TOOL FOR INTRODUCING PRODUCTS WHICH INCORPORATE NEW TECHNOLOGY AND FOR ASSISTING LOCAL AGENTS OF U.S. FIRMS IN INCREMENTING THEIR SALES. THIS PROGRAM TAKES ABOUT 10 PERCENT OF AN FSO MAN YEAR AND IS EMPLOYING 80 PERCENT OF THE ENERGIES OF TWO SENIOR FSL'S. ASIDE FROM THE SALES POTENTIAL OF THIS PROGRAM, WE FEEL IT IS A NOVEL EXPERIMENT WHICH SHOULD BE CONTINUED LONG ENOUGH AT LEAST TO DETERMINE ITS SUITABILITY FOR WIDER USE AS AN EXPORT PROMOTION TOOL IN OUR EMBASSY ABROAD.

6. ACCORDINGLY, AMBASSADOR REQUESTS ASSIGNMENT AS SOON AS POSSIBLE OF FOURTH OFFICER, AN FSO 6 OR 7 TO ECONOMIC/COMMERCIAL SECTION.
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